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~~TOP SECRET~~

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GENERAL

1. US sees no settlement of Trieste at present--The Department of State has advised US Ambassador Allen in Belgrade that because of the negative attitude of the Yugoslav Government toward any concessions to Italy, the US is inclined to take no further action at present in a settlement of the Trieste issue. The Department believes that agreement may eventually be possible but foresees no action open to the US or Britain which would be effective at this time.

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EUROPE

2. GERMANY: Western terms for all-German peace treaty-- US High Commissioner McCloy has been advised by his plans and policy committee in Frankfort that the three Western Powers should clearly state the conditions under which they would be prepared to consider a peace settlement with the whole of Germany. The committee urges that the US, British, and French foreign ministers adopt at a future meeting a three-power approach to the problem of an all-German peace settlement. The committee expresses the view that any new unilateral proposals by the US would do more harm than good.

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NEAR EAST-AFRICA

3. INDIA: India reportedly plans to accept UN mediator-- US Ambassador Henderson in New Delhi has learned from a usually reliable source that India has instructed its UN representatives to accept the Security Council resolution providing for a single mediator in the Kashmir dispute. Henderson's informant added that he was by no means certain that unqualified Indian acceptance would be "readily and quickly

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T O P S E C R E T

evident" at Lake Success. Source indicated that the decision was preceded by a bitter debate in which telling use was made of the argument that some progress on Kashmir was imperative in view of the delicate relations with Pakistan resulting from the Bengal disturbances.

(CIA Comment: CIA believes that India, despite its continuing vocal objections to the principles embodied in the UN resolution, will finally accept it "under protest," as a means both of easing tensions with Pakistan and obtaining a new procedural basis for arguing the impracticability of a plebiscite. CIA further believes that Pakistan is likely to accept the resolution only if it becomes convinced that the objective of an impartial over-all plebiscite will not be abandoned as a result of negotiations carried out by the mediator.)

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